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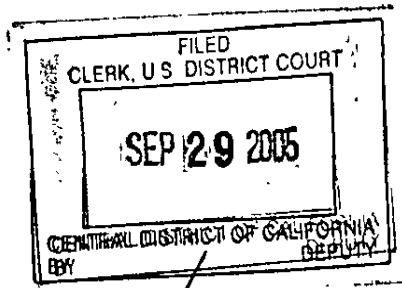
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 11

12 **UNITED STATES DISTRICT COURT**
 13 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
 14 **WESTERN DIVISION**

15 In re Gemstar-TV Guide International, Inc.
 16 Securities Litigation,
 17 Defendants.
 18

Case No. CV 02-2775 MRP (PLAx)

**STIPULATION TO APPOINT A
 TAX ADMINISTRATOR OVER
 THE SETTLEMENT FUND PAID
 BY KPMG LLP**

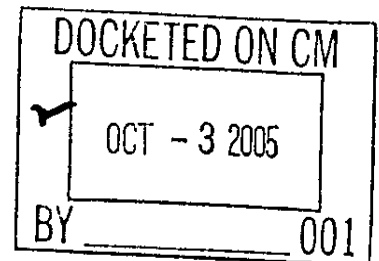


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 CENTRAL DISTRICT OF CALIFORNIA
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1 The Securities and Exchange Commission (the "Commission") and KPMG
2 LLP ("KPMG"), through their respective counsel of record, stipulate and agree as
3 follows (the "Stipulation"):

4 **The KPMG Settlement Fund**

5 1. KPMG was a respondent in a Commission administrative proceeding
6 related to the above-entitled action and consented to the entry of the Order
7 Instituting Public Administrative Proceedings Pursuant to Rule 102(e) of the
8 Commission's Rules of Practice, Making Findings, and Imposing Remedial
9 Sanctions (the "AP Order"), without admitting or denying the findings therein
10 except as to the Commission's jurisdiction over it and the subject matter of the
11 administrative proceedings.

12 2. On or about October 20, 2004, the Commission issued the AP Order,
13 in which KPMG agreed to undertake, among other things, to pay \$10,000,000 to
14 the Clerk of the United States District Court for the Central District of California
15 for the purpose of distributing this money pursuant to the Fair Fund provisions of
16 Section 308(a) of the Sarbanes-Oxley Act of 2002.

17 3. On or about October 29, 2004, KPMG paid \$10,000,000, into the
18 Registry of the Court (the "KPMG Settlement Fund"). As required by the AP
19 Order, KPMG relinquished all legal and equitable right, title, and interest in the
20 KPMG Settlement Fund and acknowledged that no part of the KPMG settlement
21 Fund shall be returned to KPMG.

22 4. The KPMG Settlement Fund was deposited in an interest-bearing
23 account.

24 5. The KPMG Settlement Fund constitutes a Qualified Settlement Fund
25 ("QSF") pursuant to Section 468B(g) of the Internal Revenue Code ("IRC"), 26
26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5.

27 **The Commission's Proposed Tax Administrator**

28 6. To facilitate efficient and cost-effective tax administration services for

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1 settlement funds created nationwide as a result of Commission civil enforcement
2 activities, the Commission instituted a competitive bidding process to solicit firms
3 to provide tax administrative services.

4 7. After going through the competitive bidding process, Damasco &
5 Associates, a San Francisco-based CPA firm (the "Tax Administrator"), was
6 selected by the Commission to provide tax administrator services in 26 of the
7 settlement funds created in the Commission's administrative proceedings and in all
8 civil proceedings pending in federal district court for the 2005 time period.

9 8. Damasco has extensive experience in this field and provides a
10 reasonable cost structure.

11 9. The Commission and Damasco entered into an agreement that
12 specifically delineates the services to be provided, and permissible fees for such
13 services (the "Agreement").

14 10. The Agreement provides that, as the Tax Administrator, Damasco is
15 compensated for services and expenses as follows:

SERVICE	FUND STATUS	FIXED FEE
Current year income tax returns, including items 11a.-11f. (below)	Funds with no tax liability	\$1,200
Current year income tax returns, including items 11a.-11f. (below)	Funds with tax liability	\$1,500
Delinquent year income tax returns, including items 11a.-11f. (below)	Funds with no tax liability	\$1,300
Delinquent year income tax returns, including items 11a.-11f. (below)	Funds with tax liability	\$1,500
Loss Carryback (claim for refund) returns	For all funds	\$500

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25 11. The Agreement further provides that the fixed fee tax compliance
26 services include the following:

- 27 a. obtaining a federal tax identification number ("FEIN") for the
28 QSF;

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- b. preparing and file federal and state income tax returns, as required;
- c. where required, calculating quarterly estimated tax payments and providing information to the Court so that payments may be made timely;
- d. assisting Commission counsel to prepare motion(s) and supporting documentation to move the Court to disburse funds to pay tax obligations and the Tax Administrator's fees and expenses;
- e. calculating and recommending retention of a reserve, if necessary, for penalties and interest to be assessed as a result of any late filing of tax returns and late payment of taxes; and
- f. determining and complying with tax reporting obligations of the QSF relating to distributions or payments to vendors, if applicable.

12. The Agreement further provides that the fixed fees include all copying and routine postage expenses; and any internal expenses of the Tax Administrator in performing these services, such as facsimile fees and telephone charges. Expenses that are not included as part of fixed fees are expedited delivery fees (such as Federal Express) and other extraordinary costs, such as extended telephone conferences and reports. Further, any additional tax compliance services and services for the administration of the QSF would be provided at the Commission's request and billed at the Tax Administrator's current rates discounted by 20%.

The Stipulation To Appoint The Tax Administrator

13. Because the KPMG Settlement Fund is a QSF, and KPMG relinquished all legal and equitable right, title, and interest in the KPMG Settlement fund, the SEC must arrange for the appointment and authorization of a tax administrator on behalf of the KPMG Settlement Fund, to take all necessary

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1 steps to enable the KPMG Settlement Fund to obtain and maintain the status of a
2 taxable QSF, including the filing of all required elections, returns and information
3 statements contemplated by those provisions.

4 14. Once appointed and authorized, the Tax Administrator will cause the
5 KPMG Settlement Fund to pay taxes in a manner consistent with the treatment of
6 The KPMG Settlement Fund as a QSF from and after its inception in October
7 2004.

8 15. Any reasonable costs, fees, and other expenses incurred in the
9 performance of the Tax Administrator's duties shall be paid by the KPMG
10 Settlement Fund in accordance with the Agreement between the Commission and
11 the Tax Administrator.

12 16. KPMG does not oppose the Commission's request to appoint
13 Damasco & Associates as the Tax Administrator of the KPMG Settlement Fund
14 and the SEC acknowledges that KPMG's participation in this stipulation for the
15 purposes of expressing its non-opposition to the appointment of Damasco &
16 Associates, as the Tax Administrator, is consistent with KPMG's undertaking in
17 connection with the AP order to relinquish all legal and equitable right, title and
18 interest in the KPMG Settlement Fund.

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21 DATED: September 22, 2005


JOSE F. SANCHEZ
Attorney for
Securities and Exchange Commission

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25 DATED: September 21, 2005


MICHAEL C. KELLEY
Attorney for KPMG LLP

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ORDER

Good cause having been shown, the Court orders as follows:

1. Damasco & Associates is appointed as Tax Administrator to execute all income tax reporting requirements, including the preparation and filing of tax returns, with respect to funds under the Court's jurisdiction in this case.

2. Damasco & Associates shall be designated the administrator of the KPMG Settlement Fund, pursuant to Section 468B(g) of the Internal Revenue Code ("IRC"), 26 U.S.C. § 468B(g), and related regulations, and shall satisfy the administrative requirements imposed by those regulations, including but not limited to: a) obtaining a taxpayer identification number; b) filing applicable federal, state, and local tax returns and paying taxes reported thereon out of the KPMG Settlement Fund, and c) satisfying any information, reporting, or withholding requirements imposed on distributions from the KPMG Settlement Fund. The Tax Administrator shall contemporaneously provide copies of all such filings to the Commission's counsel of record.

3. The Tax Administrator shall, at such times as the Tax Administrator deems necessary to fulfill the tax obligations of the KPMG Settlement Fund, request that the Commission's counsel of record file with the Court a motion, supported by the Tax Administrator's declaration of the amount of taxes due, to transfer funds from the KPMG Settlement Fund on deposit with the Court to pay any tax obligations of the KPMG Settlement Fund.

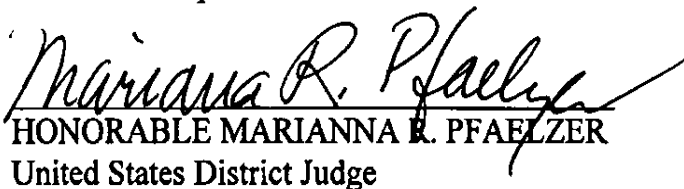
4. The Tax Administrator shall be entitled to charge reasonable fees for tax compliance services and related expense in accordance with its agreement with the Commission as detailed above in the parties' Stipulation. The Tax Administrator shall, at such times as the Tax Administrator deems appropriate, submit a declaration of fees and expenses to the Commission's counsel of record for submission to the Court for approval and for payment from the KPMG Settlement Fund. No fees or expenses may be paid absent the Court's prior

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1 approval.

2 5. At least ten (10) days before any motion to pay fees and expenses is
3 filed with the Court, the Tax Administrator shall provide the Commission counsel
4 of record with a draft of the supporting declaration for review. If the Commission
5 has any corrections or objections to the declaration, the Tax Administrator and the
6 Commission's counsel shall attempt to resolve them on a consensual basis. If a
7 consensual resolution is not reached, the Commission may submit with the motion
8 any objection along with the Tax Administrator's response thereto.

9
10 DATED September 29 2005


HONORABLE MARIANNA R. PFAELZER
United States District Judge

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036-3648

Telephone No. (323) 965-3998; Facsimile No. (323) 965-3908.

On September 23, 2005, I caused to be delivered the document entitled **STIPULATION TO APPOINT A TAX ADMINISTRATOR OVER THE SETTLEMENT FUND PAID BY KPMG LLP** upon the party to this action addressed as stated on the attached service list:

☒ **OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

☐ **PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

☐ **EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

☐ **HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee only as indicated on the attached service list.

☐ **FEDERAL EXPRESS :**By placing in sealed envelope(s) designated by Federal Express with delivery fees paid or provided for, which I deposited in a facility regularly maintained by Federal Express or delivered to a Federal Express courier, at Los Angeles, California.

☐ **ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

☒ **FAX:** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

☒ **(Federal)** I declare that I am employed in the office of a member of the bar of this Court, at whose direction the service was made. I declare under penalty of perjury that the foregoing is true and correct.

Date: September 23, 2005

Magnolia M. Marcelo
MAGNOLIA M. MARCELO

In re Gemstar-TV Guide International Inc. Securities Litigation
United States District Court - Central District of California
Case No. CV 02-2775 MRP (PLAx)
(LA-2590)

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